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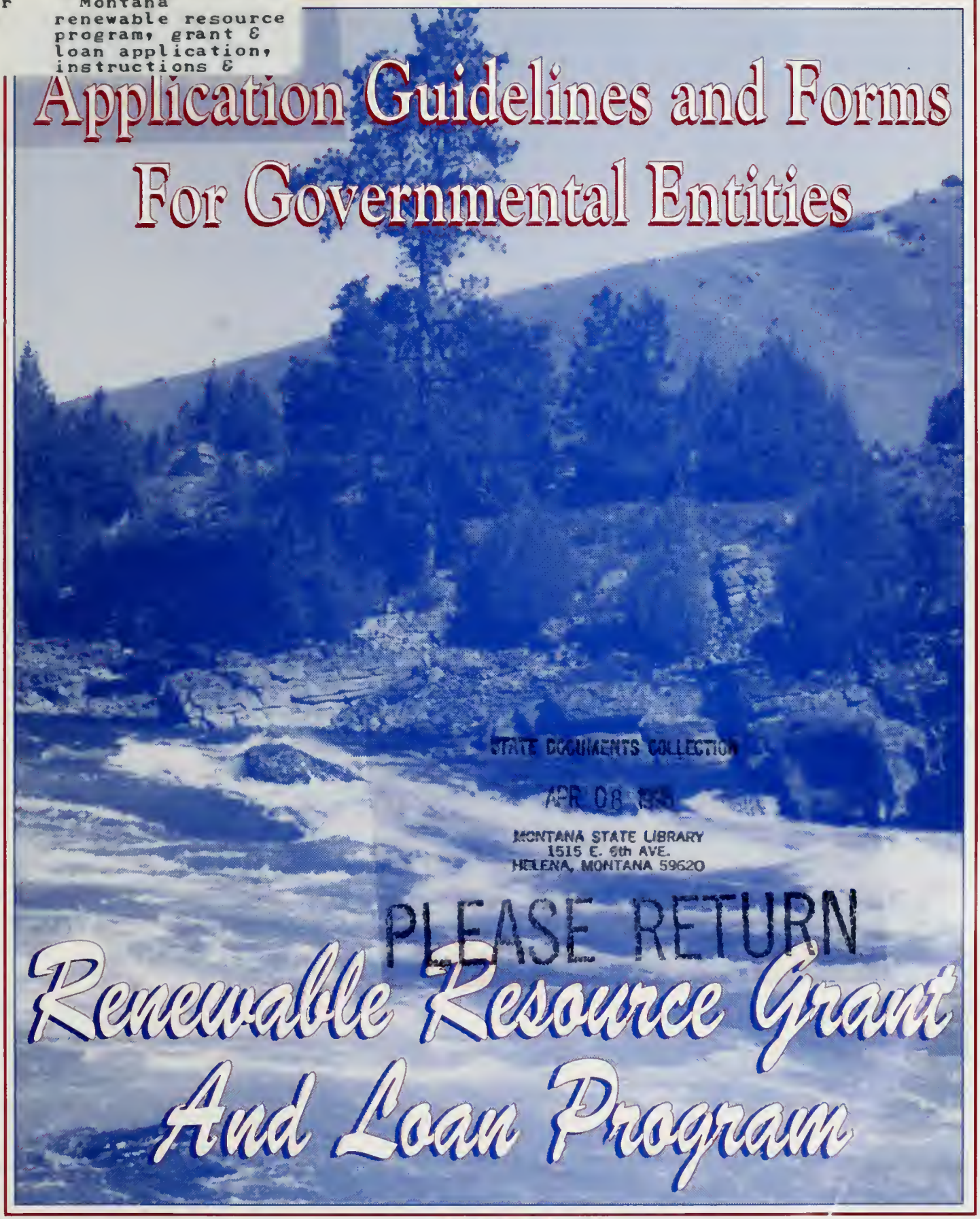
Application Guidelines and Forms For Governmental Entities



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MONTANA RENEWABLE RESOURCE PROGRAM

GRANT & LOAN APPLICATION

INSTRUCTIONS & FORMS

FOR LEGISLATIVE REVIEW IN 1997

DEPARTMENT OF NATURAL RESOURCES & CONSERVATION
RESOURCE DEVELOPMENT BUREAU
P.O. BOX 201601
1625 ELEVENTH AVENUE
HELENA, MONTANA 59620-1601

TELEPHONE: (406) 444-6668
FAX: (406) 444-6721

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THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM

GENERAL INFORMATION

The Montana Legislature established the Renewable Resource Grant and Loan Program to enhance Montana's renewable resources. The program provides funds for eligible renewable resource projects and is administered by the Resource Development Bureau of the Department of Natural Resources and Conservation (DNRC). This program is funded through interest accrued on the Resource Indemnity Trust Fund. No taxpayer dollars are used to finance these projects.

Governmental and private entities are eligible to apply for Renewable Resource grants and loans. The application forms in this booklet are for **governmental entities only**. If you have prepared your application using word processing software, please include a copy of the application on a diskette (preferably 3 ½" diskette). Clearly identify the software used and the name of all files.

Applicants should submit a completed application forms, including supporting documentation and a **$250 application fee**, to:

Montana Department of Natural Resources
and Conservation
Resource Development Bureau
P.O. Box 201601
1625 Eleventh Avenue
Helena, MT 59620-1601

Phone: (406) 444-6668
FAX: (406) 444-6721

APPLICATION DEADLINE

Application forms must be hand delivered to DNRC or postmarked no later than May 15, 1996. If you have questions or if we can help you in any way, please contact our office at (406) 444-6668.

APPLICANT ELIGIBILITY

Grants and Loans for Governmental Entities

Eligible applicants include any division of state government or other county, city, or local political subdivision. These entities, called governmental entities, in the past have included: cities, towns, counties, water and sewer districts, school districts, irrigation districts, joint boards of control, state agencies, and universities.

Grants and Loans for Private Individuals

Any individual, association, partnership, corporation, or nongovernmental entity may be considered for grants or loans through the Renewable Resource Program but **only for water-related projects**. By law, grant and/or loan funding for these projects may not exceed 25 percent of the total estimated cost of the project, or 5 percent of the pool of funds available for private projects during one biennium. The legislature appropriates funds for private use during the regular legislative session. Application deadlines are set after the appropriation is made.

Private grant and loan applications are managed under a process that is separate from the process for public entities. Private individuals apply to the Renewable Resource Program through a separate application. For more information, call or write DNRC's Resource Development Bureau at (406) 444-6668. Refer to the title page for the address.

The Resource Development Bureau also administers other grant and loan fund programs that may be of interest to you or the group you represent. Guidelines and forms for these other grant and loan programs may be obtained by calling (406) 444-6668.

PROJECT ELIGIBILITY

The types of projects eligible for funding are specified in the Montana Code Annotated (MCA) §85-1-602.

[1] Either grants or loans may be provided to fund the following types of projects:
(a) feasibility, design, research, and resource assessment studies;
(b) preparation of construction, rehabilitation, or production plans; and
(c) construction, rehabilitation, production, education, or other implementation efforts.

Renewable resource projects, including water and other renewable resource-related projects are eligible to receive grant and loan funding. Projects that received funding in the past include research and demonstration of farming practices that reduced agricultural chemical use, improved forest resource management, or development of better access to recreational opportunities. Other eligible projects have produced feasibility and design studies for renewable resource projects.

Numerous community infrastructure projects for water supply, wastewater and solid waste facilities have received funding under this program. Funding is available for both preliminary engineering/design and construction of these facilities. Eligible community infrastructure projects include the development of plans and construction for the rehabilitation, expansion, or modification of existing facilities.

Eligible water-related, renewable resource projects include projects to construct or repair works for the purpose of irrigation, flood prevention, drainage, or the supply of water for public, domestic, industrial, stock, fire protection or other beneficial uses. Eligible projects also include those for the protection or benefit of fish and wildlife; improvement of public, water-based recreational opportunities; and development of hydropower. All means of conserving and distributing water are considered "works" and qualify for funding considerations.

The Renewable Resource Grant Program funds watershed projects that protect and improve water quality. Projects like erosion control, riparian restoration, and projects to help plan for the management of surface and groundwater sources have received funding. Recreational projects for limited public use like municipal swimming pools or golf course developments are less likely to receive funding.

FUNDING SELECTION

After grant applications are received, DNRC staff and consultants review the applications and make recommendations. The department director and the Governor review the recommendations. By January 1997, these recommendations are finalized and submitted to the Legislature for approval. Legislative authorization is completed near the end of April. Successful applicants may execute Grant Agreements and Bond Purchase Agreements with DNRC after July 1, 1997.

For a complete discussion of the criteria for ranking grant applications, please see the additional help sheet on page 47.

FUNDING LIMITATIONS

Grants

Funds are appropriated directly by the legislature based upon recommendations from DNRC. DNRC limits its grant funding recommendations to a maximum of $100,000 for renewable resource projects.

Loans

Applicants may apply for loans or combinations of grant/loan funding up to $200,000 in a single application. The total request for a grant/loan funding combination under the Renewable Resource Grant and Loan Program may not exceed $200,000.

Entities seeking more than $200,000 for renewable resource projects may only apply for loan funds. Loans ranging up to several million dollars are available for projects. The amount of a large loan is constrained only by the applicant's debt capacity and the DNRC's bond authority. Loans of several million dollars are not uncommon.

STEP 1: APPLICATION SUMMARY

(All applicants must complete)

1. **NAME OF APPLICANT(S):** _____

2. **TYPE OF ENTITY:** _____
(City, County, District, Other)

3. **TYPE OF PROJECT:** _____

4. **POPULATION SERVED BY PROJECT:** _____
(Number of farms or ranches)

5. **NUMBER OF HOUSEHOLDS SERVED BY PROJECT:** _____
(Number of acres)

6. **AUTHORIZED REPRESENTATIVE:**

_____
(Name)

_____
(Title)

MAILING ADDRESS: _____
(Street/PO Box)

_____
(City/State/Zip)

_____
(Telephone)

7. **CONTACT PERSON:** _____
(Name)

_____
(Title/Firm)

MAILING ADDRESS: _____
(Street/PO Box)

_____
(City/State/Zip)

_____
(Telephone) (FAX No)
(A number where the contact is most easily reached or a message left)

8. ESTIMATED TOTAL PROJECT COST: $_____

9. PROPOSED FUNDING SOURCES:

Enter the source of all funding that may be used for this project and the amount of funds. For each source, indicate the amount of funding in the appropriate column, such as grants, loans, or any other sources including cash reserves. Total the amount for each source. Indicate all potential sources of funds that may apply to this project (the fact that you have not yet applied for the funds or have not yet received a commitment from the source does not matter). The total amount of proposed funding amounts may be greater than the estimated total project cost indicated above.

In the table below, list the funding sources and the amounts for the proposed project. Include funds supplied by the applicant, and all other local, state, federal and private grant and loan sources:

FUNDING SOURCE	AMOUNT			
	Grant ($)	Loan ($)	Other ($)	Total ($)
a.				
b.				
c.				
d.				
e.				
f.				

10. AUTHORIZING STATEMENT

An authorized agent representing the applicant must by his/her signature indicate that the application for funds and expenditure of matching funds, as represented, is officially authorized (attach board minutes or other authorizing documentation).

A. GRANT AUTHORIZATION

I hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my knowledge, and that the proposed project complies with all applicable state, local, and federal laws and regulations.

I further declare that for _____ (Project Sponsor), I am legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain funding if this application is approved. I understand that all funds must be authorized by the Montana Legislature and that grant funds will become available only as Resource Indemnity Trust Fund interest is earned.

_____ _____

Project Sponsor Date

_____

Authorized Representative (signature)

_____

Title

B. LOAN AUTHORIZATION

I hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my knowledge, and that the proposed project or activity complies with all applicable state, local, and federal laws and regulations.

I further declare that, for _____ (Project Sponsor), I am legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain loan financing if this application is approved. I understand that all funds must be authorized by the Montana Legislature and that loan funds will become available after the sale of state bonds and that I will be expected to enter into a bond purchase agreement when funding is available and according to my construction schedule.

_____ _____

Project Sponsor Date

_____

Authorized Representative (signature)

_____

Title

STEP 2: PROPOSAL ABSTRACT

Prepare a clear and concise description of your proposal that describes how the merits of the project provide benefits that support the purpose of the Renewable Resource Grant and Loan program. This proposal abstract will be used to inform the review team and the public of the range of proposals submitted. DNRC staff will edit the abstract for spelling and obvious grammatical errors only. Because it will be incorporated into the Renewable Resource Grant and Loan Program Report to the Legislature, you should be careful to provide accurate information in the abstract that best describes the public benefits and other merits that will be achieved.

Your abstract should consist of no more than 300 words. Longer abstracts will be returned to you for redevelopment.

On your own paper, use the following format for your abstract.

PROPOSAL ABSTRACT

SUBMITTED TO: DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

DATE: _____

APPLICANT NAME: _____

PROJECT NAME: _____

PROJECT DESCRIPTION:

STEP 3: TECHNICAL PRESENTATION

Describe the work to be done with Renewable Resource Grant and Loan Program funds and with any matching funds committed to the project. Be careful to distinguish phases of the project that are completed before or after the term of the grant. Do not confuse the costs associated with past or future phases with the costs of the proposed project. Only discuss past phases or phases currently underway as part of the history of your project. For example, imagine a community is taking steps to improve its drinking water system. Currently, the community is drilling a new well and constructing a water tank. In the future, it plans to add chlorination and remote controls on the storage tank. The applicant is seeking funds to improve portions of the distribution system.

In this scenario, the project proposal concerns **only** the distribution system. Discuss only the technical merits of the distribution system. DNRC will assess only the costs of the new distribution system in ranking the project. Only the funds used to finance the distribution system should be included in the project budget.

IMPORTANT NOTE

If you are applying for a grant or loan to fund a public water supply, wastewater or solid waste project, do not complete the technical narrative. Go on to the Preliminary Engineering Analysis on the following page. All other applicants should complete the technical narrative and associated Technical Feasibility Checklist and supporting documentation.

INSTRUCTIONS FOR TECHNICAL NARRATIVE

(Public Facility Applicants proceed to Preliminary Engineering Analysis)

Explain the existing situation and the problem. Then describe how the problem will be solved. Enough information is needed to assess the value and feasibility of your project. Use the checklist on page 12 as an outline for your narrative.

Use the Technical Feasibility Checklist on Page 12 to ensure that nothing is omitted from your description.

On your own paper, use the following format for your narrative.

TECHNICAL NARRATIVE

APPLICANT NAME:_____

PROJECT TITLE:_____

NARRATIVE DISCUSSION:

PRELIMINARY ENGINEERING ANALYSIS FOR MONTANA PUBLIC FACILITY PROJECTS

(Water Supply, Wastewater, Solid Waste, or other Major Facility Infrastructure Applicants only)

In the Preliminary Engineering Analysis, provide the explanation necessary to understand the existing situation and problem. Then describe how the problem will be solved. Enough information is needed to assess the value and feasibility of the project. If the required information is not provided, the application may be rejected or the agency to which the application is being submitted will be required to contact the applicant for additional information before review and ranking can continue. All engineering design work submitted for public facility projects should name the design standards used, and must be prepared by a professional engineer licensed to practice in Montana.

Use the Technical Feasibility Checklist on Page 12, in addition to the outline below, to ensure that nothing is omitted from your presentation.

1. PROBLEM DEFINITION

A. Show planning area and existing/potential service area using drawings.
B. Evaluate condition of existing facilities.
C. Identify regulatory, public health, environmental and safety issues and discuss any permits you may need to complete and implement the project.
D. Describe and document need for project and problems to be solved.

2. ALTERNATIVE ANALYSIS

A. Description of alternatives considered for problem resolution

For drinking water projects include:

- Water use data
- Describe sources of water supply
- Treatment standards
- Proposed treatment processes
- Pumping facilities
- Storage facilities
- Distribution system
- Project site information
- Utilization of water meters

For wastewater projects include:

- Existing and design flows
- Hydraulic, organic loading
- Proposed treatment processes
- Treatment standards
- Lift stations
- Collection system
- Project site information
- Impact of infiltration or inflow on system performance

For solid waste management projects include:

- Waste volume and characterization data
- Describe current and potential waste collection, treatment and disposal options
- Proposed management activities
- Site information
- Waste reuse or recycling

B. Population projections including basis of projection

C. Evaluation of cost-effectiveness considering capital and operating and maintenance costs for a 20 year planning period with sufficient data to support the alternative using present worth analysis.

D. Basis of selection of preferred alternative using comparative analysis of other alternatives including technical feasibility, financial feasibility, and public comments. **Environmental impacts are addressed in a separate section.**

3. DESCRIPTION OF SELECTED ALTERNATIVE

A. Descriptive narrative with drawings or schematics

B. Site location and characteristics

C. Design criteria

D. Impact on existing facilities

E. Operational requirements

F. Cost summary
- capital costs - with basis of estimates
- description of O&M requirements
- estimated cost per user
- list of sources of project funding

The outline above is by no means all inclusive. The engineer should use judgement in presenting sufficient information during preparation of the report, taking into account that different systems require varying levels of detail (facultative lagoons versus mechanical plants, groundwater sources versus surface water treatment, land filling versus transportation, etc.). The engineer should provide thorough documentation wherever possible, using technical supporting information (reports, studies, lab analyses, etc).

TECHNICAL FEASIBILITY CHECKLIST

(All applicants must complete)

For each item below, indicate the page number of your application where the corresponding information is located. If you do not provide the needed information, DNRC may reject your application or contact you to require additional information and documentation before review of your proposal continues. Indicate N/A for items that do not apply.

Applicants for Public Facility Projects should make sure that all of the items listed in this checklist are either addressed in the Preliminary Engineering Analysis or on a separate sheet.

1. Project Identification.

p. ____ A. Targeted renewable resource; for example, water, air, land, timber, recreation, wildlife, fish, fowl, or other.

p. ____ B. Type of project; for example, purchase, lease, research, study, promotion, planning, design, construction, or rehabilitation.

p. ____ C. Proposed action; for example, conservation, management, use, development, or preservation.

2. Detailed project description and statement of the goals and objectives this project will accomplish (Goals are a broad statement of the general purpose of the project. Objectives are the specific results the project will achieve.)

p. ____ A. The goals of this project or the problem you intend to solve.

p. ____ B. Details of project objectives.

p. ____ C. Quantitative results of project.

p. ____ D. Schedule for the project and identification of project phases.

p. ____ E. Implementation activities and specific tasks.

p. ____ F. Unknowns in the proposal that require future resolution.

p. ____ G. Coordination with other local, state, or federal authorities.

3. Discussion of the history of the issues addressed by the project, along with a description of all related work previously conducted.

p. ____ A. Circumstances that precipitated the need for the project.

p. ____ B. Efforts made in the past to address the problem or achieve the proposed purpose, whether successful or unsuccessful.

p. ____ C. Related facilities, programs or other resources that exist.

4. **Description of the proposed project and any technical alternatives to it along with a cost/benefit analysis of each of the alternatives and the reason the proposed project was selected.** If the preferred alternative implements standards mandated by law, DNRC does not require the applicant to submit a cost/benefit analysis. The applicant needs only to demonstrate that the preferred alternative is the least cost alternative.

p. ____ A. Detail of all appropriate alternatives.

p. ____ B. Basis of selection for the preferred alternative.

p. ____ C. Trade-offs between alternatives.

p. ____ D. If the preferred alternative does not provide the greatest net benefits, justify the reason for selecting an alternative that does not provide the greatest net benefits.

p. ____ E. Identification of standards mandated by law implemented by the preferred alternative.

5. **For research, study, promotion, and/or design projects, provide a specific description of the project implementation plan.**

p. ____ A. Model or approach to be used and discussion of the model's success in other projects.

p. ____ B. Location of project.

p. ____ C. Ownership of results.

p. ____ D. Applicable statutes, rules, regulations, and standards to be met.

p. ____ E. Licenses, permits, easements, and other agreements, necessary to conduct the project.

p. ____ F. Staffing time and qualifications.

p. ____ G. Need for procurement of contracted services and the type of services needed.

6. **For construction projects, a specific description of the project implementation plan.**

p. ____ A. Detail of each project component.

p. ____ B. Location of project.

p. ____ C. Useful life of project.

p. ____ D. Owner of project.

p. ____ E. Applicable statute, rule, regulations, and standards to be met.

p. ____ F. Licenses, permits, easements, and other agreements, necessary to conduct the project.

p. ____ G. Staffing time and qualifications.

p. ____ H. Need for procurement of contracted services and the type of services needed.

7. **Supporting Technical Documentation**

p. ____ A. Appropriate data on the natural features of the project area, such as soils, vegetation, geology, and hydrology;

p. ____ B. Any draft and/or completed technical reports and studies on the project;

p. ____ C. A topographic map or aerial photo that shows the project or activity location by sections, townships, and ranges. Show titles on all maps, and include both a scale and a north arrow.

STEP 4: FINANCIAL PRESENTATION

(Instructions, checklist and budget forms)

INSTRUCTIONS FOR FINANCIAL FEASIBILITY NARRATIVE

The financial narrative must clearly demonstrate that the project can be completed within the proposed budget. You may want to use the checklist on the following page as an outline for your presentation. Enough information is needed to show that your project is financially feasible within the proposed budget plan.

Use the checklist to ensure that nothing is omitted from your discussion.

Construction projects must include a contingency expense of at least 10 percent of construction costs to cover unexpected expenses. An inflation contingency to account for the time lapse between project approval and funding may be included as a project cost and must be identified on the budget forms.

Describe only grant and/or loan and matching funds that will be committed in a funding agreement through DNRC or another public or private funding source. Do not include the costs for phases of construction completed before or after the term of a DNRC funding agreement. Do not associate the costs of past or future phases with the costs associated with the proposal. For example, if you have a multi-phase project to improve your community's water system over a 10-year period but now seek funding for a water tank, include only those costs associated with the tank. Do not include costs for work in progress or completed.

Only include costs that can be fully documented and that are specific to the proposed project in the budget proposal. DNRC will not reimburse undocumented costs with grant funds.

DNRC is very reluctant to fund the purchase of computers or software for project related activities and will only fund computer equipment that is project specific. In your narrative, you must justify the need to expend grant or loan funds for these purchases.

LOANS

Applicants must demonstrate their ability to repay a loan. Indicate in the narrative the type of bond to be sold to the state, the amount of semi-annual payments, and the amount of any rate increase needed to repay the loan. DNRC staff can assist applicants in preparing the necessary calculations.

OTHER PROJECT CONTRIBUTORS

Describe your efforts toward securing funding commitments. Discuss the status of applications to other funding agencies for grants and/or loans. If other agencies, associations, or individuals will contribute match dollars or in-kind contributions, describe the type of support offered, what commitment has been made, and the arrangements to obtain documentation of the expenditure of funds.

State how much money you will provide toward the project and whether funds will be in match dollars or as in-kind contributions. Describe your in-kind contributions. If you plan to borrow from the private sector, fully describe your borrowing plans. Also include in this narrative any other information that would help DNRC assess your financial commitment to completion of the project.

Be careful to include matching funds or in-kind services that will be available and can be documented. DNRC will reimburse a percentage of the project specific dollar and in-kind costs that are incurred and documented. However, any reduction in match funds or the inability to document the use of match funds

will result in a proportionate reduction in grant funds. For example, if your total estimated budget is $500,000 and you receive a grant award of $50,000 for your proposal, DNRC grant funds will reimburse actual documented costs at a rate of 10 percent ($500,000 ÷ $50,0000 =.10). If, through the course of the project, you are only able to document $400,000 in project specific costs then DNRC will only reimburse 10 percent of those costs, or $40,000. Total grant funding is thereby reduced from $50, 000 to $40,000 to reflect the total amount of documented expenditures.

DEFINITIONS

To help you build a defensible budget, DNRC provides the following definitions of project specific versus program costs:

Project Specific Costs - are the only costs that may be reimbursed with grant and/or loan funds. Project specific costs relate directly to the proposed project and will not be incurred if the project is not implemented. For more information on this topic, see page 44, Budget Tips.

Project specific costs are the only costs that DNRC will reimburse with grant and/or loan funds.

Project specific costs are reimbursed through the following sources:

(1) Grant and Loan Dollars are those contributed by DNRC through the Renewable Resource Grant and Loan program or by another funding agency through a grant or loan.

(2) Match Dollars include project specific funds from the applicant or another contributor that are set aside in a separate category of an annual program budget for this and/or other similar types of projects. Match dollar contributors must provide documentation of these expenditures to the applicant.

(3) In-Kind Contributions include those project specific non-dollar contributions that have an associated value. Volunteer labor, equipment loan, donated materials, and free services are examples of legitimate in-kind contributions.

Program Costs - Program costs are part of an ongoing budget. They are incurred regardless of whether this proposal receives funding. Program costs are contained in your annual budget or in the annual budget of another project contributor that support an overall program or mission. Do not include program costs in your budget. For more information on this topic, see page 44, Budget Tips.

Program costs used to support the project are considered evidence of public support for the project. You may show program costs in the financial narrative along with documentation necessary to support such claims (such as a letter describing the available support).

FINANCIAL FEASIBILITY NARRATIVE

On your own paper, use the following format to present your discussion.

FINANCIAL FEASIBILITY NARRATIVE

APPLICANT NAME:_____

PROJECT TITLE:_____

FINANCIAL FEASIBILITY CHECKLIST

For each item below, indicate the page number of your application where the corresponding information is located. If you do not provide the necessary information, your application may be rejected or DNRC may contact you to require additional information and documentation before review of your proposal continues. Use the checklist as an outline for your Financial Feasibility Narrative.

1. **Describe the funding structure that ensures the project is financially feasible. The information you provide should demonstrate that adequate sources of funds are available to complete the proposed project. Include grants, loans, matching dollars, and in-kind contributions. Only identify the amount of match funding necessary to complete the project.**

p. ____ A. Identify the source of funds the applicant intends to use as match dollars to support the project. Matching costs may exist in the current budget designated as consultants, operation, and maintenance or other designated project costs. Identify any increases in revenues necessary to pay applicant matching costs.

p. ____ B. If applicable, estimate the semi-annual loan repayment needed to repay a DNRC loan. Use a 7 percent interest rate and a 20-year term. Indicate the amount of any rate increase that is necessary to pay the loan.

p. ____ C. If you are requesting a loan, indicate the type of bond to be issued for sale to the state.

p. ____ D. Identify the other contributors of match dollars and the type of contribution they will provide.

p. ____ E. Sources and type of in-kind match.

p. ____ F. Sources and stipulations of other grants and/or loans.

p. ____ G. Impact of Renewable Resource Grant and Loan funding or no-funding.

2. **ARE ALL COSTS INCLUDED IN THE BUDGET?**

p. ____ DNRC will recommend a grant award as a percentage of the costs indicated. If the scope of work of the project is reduced, then DNRC's grant award will be reduced. Indicate whether there are any other costs that remain undefined at the time of application.

3. **OUTLINE THE SPENDING PLAN.**

p. ____ A. Identify the costs of key elements of the proposed project and how those costs were estimated. Identify the funding sources that will be used to fund each element of the proposal.

p. ____ B. Provide a schedule of anticipated revenues and expenditures. Show that revenues, including grant or loan funds, will be available as necessary to finance the project or show sources of interim financing. Include financing costs in the budget.

4. EXPLAIN THE TOTAL BUDGET.

Contract Administration:

p. ____ As the budget tables indicate, these costs include salaries, contracted services, and associated costs of administrating the proposed project. The applicant must demonstrate that these costs are project specific above and beyond general program costs.

Professional and Technical Costs:

p. ____ Include the cost of personnel or contracted services for professional services in this category. Examples include: the cost of hiring an engineer, researcher, or an attorney. These costs must be project specific.

Construction Costs:

These costs include costs of construction, equipment purchase, land, structures, and materials. Provide enough information to clearly show how these cost estimates were developed. The discussion should describe unit costs where applicable. Estimates of construction costs should include a 10 percent contingency factor to protect against cost overruns. You may include an inflation factor, accounting for any time lapses between project approval and funding. Identify this cost on the budget forms.

p. ____ A. Describe the sources of estimates and the dates they were generated.

p. ____ B. If another application has been submitted to a funding agency with either greater or lesser project costs represented, explain the discrepancy.

p. ____ C. Provide the preliminary cost estimate used to evaluate the alternatives to the proposed project.

FINANCIAL DOCUMENTATION

☑ Submit supporting documentation to provide evidence of the financial feasibility of the proposed project.

1. **If you applied to other funding agencies for grant and/or loan funds provide:**

☐ A. copies of cover letters sent with applications to show the date of your application,

☐ B. an indication of the date a funding decision is expected, and whether you requested a grant or a loan, and

☐ C. if funding has been secured, a copy of the notice of award.

2. **If other agencies, associations or individuals will provide in-kind or match funding, provide the following information:**

☐ A. copies of correspondence to show the date assistance was requested, the type of assistance (whether dollar or in-kind match), and the amount,

☐ B. an indication of the date a funding decision is expected, and whether an agreement will be issued, and

☐ C. if funding has been secured, copies of correspondence documenting funding commitments and type of funds, along with arrangements for documenting these contributions.

3. **Include budget documents that show any local fund reserves you plan to use, or any resolutions agreeing to establish Special Improvement Districts (SIDs) or Rural Improvement Districts (RIDs), to issue revenue bonds, or to hold a bond election.**

☐

INSTRUCTIONS FOR BUDGET FORM

Complete one set of budget forms to indicate the details of the total estimated project cost. Show only those costs that you will document during project implementation. Only include costs directly related to the project. Do not include costs which will occur whether or not this project is implemented. These programmatic costs may not be included in this budget or attributed to the project, although they may support the project indirectly.

Use one column for each sponsor and for each type (grant or loan) of funding. Add more columns if you need them. Place the name of contributors from other sources in the "Source" columns. If all sources of funds are not secured, label one column "Unknown". The sum of the totals of each column must add-up to the total estimated project cost.

Applications for community facility projects (water, wastewater, solid waste, or other infrastructure projects) should complete the single, Budget Form for Community Facility Projects.

All other grant and loan applicants should complete the 3 page, Budget Forms for Renewable Resource projects.

Applicant Name _____	BUDGET FORM FOR PUBLIC FACILITY PROJECTS			Date:_____			
ADMINISTRATION:	**DNRC GRANT**	**DNRC LOAN**	**PROJECT SPONSOR**	**SOURCE:**	**SOURCE:**	**SOURCE:**	**TOTAL**
1. Personnel Costs							
2. Office Costs							
3. Professional Services							
4. Legal Costs							
5. Audit Fees							
6. Travel & Training							
7. Loan Origination Fees							
8. Loan Reserves							
9.							
10. Total Administration							
CONSTRUCTION RELATED ACTIVITIES:							
11. Land Acquisition							
12. Preliminary Eng.							
13. Final Engineering/Arch. (Design & Inspection)							
14. Construction							
15.							
16.							
17. Contingency							
18. Total Activity							
19. TOTAL PROJECT							

Applicant Name: _____ **BUDGET FORMS FOR RENEWABLE RESOURCE PROJECTS** **Date** _____

1. CONTRACT ADMINISTRATION

CATEGORY	DNRC GRANT	DNRC LOAN	PROJECT SPONSOR	OTHER: _____ (Specify)	OTHER: _____ (Specify)	OTHER: _____ (Specify)	TOTAL
Project Manager							
Administrative Support							
Legal Fees							
Accounting							
Benefits							
Subtotal Administrative Salaries							
Communications							
Supplies							
Travel							
Utilities							
Office rent							
Other (specify)							
Other (specify)							
Total Administration							

Applicant Name: _____ **BUDGET FORMS FOR RENEWABLE RESOURCE PROJECTS** **Date** _____

2. PROFESSIONAL/ TECHNICAL COSTS

CATEGORY	DNRC GRANT	DNRC LOAN	PROJECT SPONSOR	OTHER: _____	OTHER: _____	OTHER: _____	TOTAL
Hydrologist							
Engineer							
Consultants							
Travel							
Training							
Subtotal Professional							
Laboratory							
Communications							
Printing / Publication							
Supplies							
Travel							
Equipment Rent or Lease							
Equipment Purchase							
Other (specify)							
Subtotal Technical							
Total Professional & Technical							

3. CONSTRUCTION

CATEGORY	DNRC GRANT	DNRC LOAN	PROJECT SPONSOR	OTHER: _____	OTHER: _____	OTHER: _____	TOTAL
Labor							
Materials							
Equipment							
Construction Contract							
Contingency (10%)							
Total Construction							

4. PROJECT COSTS

1. Total Administration							
2. Total Professional / Technical							
3. Total Construction							
Total Project Costs							

STEP 5: AFFORDABILITY DATA FOR PUBLIC FACILITY PROJECTS

Complete the following section only if your application seeks funding for the *construction* of the following types of projects:

Public Facilities - including projects to construct and/or design:

Community drinking water systems;

Sewer systems.

Public Facility Financial Information Form For Water and Wastewater Project Applicants

This form is common to three state programs that fund public facility projects in Montana. Applicants may use the same form to apply for the three following programs: **The Renewable Resource Grant and Loan Program** administered by DNRC, the **Community Development Block Grant Program** and the **Treasure State Endowment Program** administered by the Montana Department of Commerce.

INSTRUCTIONS FOR COMPLETING FORM

This form is to be completed by applicants for water and wastewater projects. Applicants must complete all 6 parts of the form.

Fill in the information requested in the spaces on the following pages. The information should be based on Fiscal Year 1995 records. **Much of the information requested is included in the local government's most recent Annual Financial Report submitted to the Department of Commerce for Fiscal Year 1995.**

Please include those portions of the applicant's most recent annual financial report that provides the requested information. In addition, if any financial information has changed significantly from the most recent annual financial report, please include a more recent financial status report, for example, a monthly statement or a balance sheet.

1. PROPOSED PROJECT FINANCING SOURCES

Please enter the sources of funds that you intend to apply to the proposed project (federal and state funding programs, bank loans, bonds, etc.). For all sources, please indicate the status of commitment to the project at the time of writing this application. For borrowed funds or funds that will be derived from bond sales, please state the term, interest rate, and any applicable revenue coverage or debt service reserve amount which the lender or bond underwriters will require.

Source	**Type** (Grant or Loan)	**Amount**	**Status of Commitment** (No Commitment, or Funds Committed)	**Terms of Borrowing or Bond Sales**

Glossary of Federal and State Funding Programs:
USDA/RD - Rural Development
EDA - Economic Development Agency
CDBG - Community Development Block Grant Program
TSEP - Treasure State Endowment Program
DNRC - Renewable Resource Grant and Loan Program
SRF - State Revolving Loan Program

2. SOURCE OF FUNDS FOR OPERATIONS

What is the source of revenue or funds used to operate and maintain the system, facility, or service which is the subject of this application, and what is the amount and percentage of total system funds or revenues derived from each source?

Source	**Amount**	**% of Total**
User Fees		
Property Taxes		
Other (Please Specify):		
TOTAL		

3. CURRENT DEBT

Please enter the current debt obligations of the applicant. If the applicant operates a water system, wastewater system, or other "enterprise" style system which relies on rates and charges for its financial existence, enter only the debt related to that system. If the applicant is a city, county, or district which relies on general taxing authority for its financial existence, or is a not-for-profit organization requesting grant assistance for a project that is within its ownership, enter the debt related to the general obligations of the city, county, district, or not-for-profit organization.

Year Issued	Purpose	Type	Amount	Maturity Date	Annual Payment Amount

4. CASH ON HAND

For the entity identified above, please state the amount of non-obligated cash held within the entity's accounts at the time of writing this application.

Amount: $_____

5. SYSTEM DATA

The following information will be completed by the Department of Commerce using data supplied by the U.S. Bureau of the Census or from analysis done by the U.S. Department of Housing and Urban Development based on Census data.

1. MEDIAN HOUSEHOLD INCOME: The median household income for your city, county, or district. $_____

2. LOW TO MODERATE INCOME PERSONS: The percent of the population of your city, county, or district characterized as at or below the level designated as low to moderate income. %_____

3. POVERTY: The percent of the population of your city, county, or district characterized as at or below the level designated as poverty. %_____

6. SYSTEM RATE INFORMATION

A. Total System Revenue:

Enter the total annual revenue received by the system. $_____

B. Total Hook-ups:

Enter the total number of hook-ups which are served by the system. $_____

C. Residential Hook-ups:

Enter the number of hook-ups which serve residential households. $_____

D. Revenue from Residential Hook-ups:

Enter the amount of annual revenue received from residential households (please display the method by which you calculated this amount). $_____

E. Percent of Total Revenue from Residential Hook-ups:

Calculate the percent of total revenues derived from residential households (**divide** the amount in line **D** by the amount in **line A** and multiply by 100). $_____

F. Average Monthly Residential Rate:

Enter the current average monthly system rate charged to residential hookups. (Divide the amount on Line **D** by the amount on Line **C** and divide the result by 12.) $_____

G. Projected Average Monthly Residential Rate:

Calculate the projected average monthly rate that will be charged to residential hookups **after the proposed project is completed**. The projected rate should include the current rate plus increases that are expected to be necessary to retire any debt to be incurred to finance the project plus any increases in operating costs. APPLICANTS SHOULD ASSUME THAT ALL REQUESTED AND/OR UNCOMMITTED FUNDS WILL BE RECEIVED. Please display the calculations and assumptions used in determining the projected rate. $_____

H. Other System Current Average Monthly Residential Rate:

If this is an application for a water system project (all of the information provided above applies to the water system), enter the current average monthly wastewater system rate charged to residential hookups. $_____

---------- or----------

If this is an application for a water system project (all of the information provided above applies to the water system), enter the current average monthly wastewater system rate charged to residential hookups. $_____

STEP 6: PUBLIC BENEFITS SECTION

(Instruction Sheet and Checklist)

INSTRUCTIONS FOR NARRATIVE

Describe the measurable benefits that your project will achieve. First, describe how the project achieves the benefits prescribed in statute. You may also describe other benefits achieved by the project. Project reviewers need enough information to determine whether the benefits claimed in your proposal can be measured and are actually attainable. **Use the Public Benefits Checklist to ensure that nothing is omitted from your discussion.** DNRC may reject your proposal if you fail to provide adequate information or reviewers may contact you to require additional information and documentation before review of your proposal continues.

If you have completed objective studies that assess your project and its potential benefits, provide copies of these studies as attachments. If you have not conducted a formal benefit analysis, describe the process you used to assess the benefits of your project.

Loan-only applicants may elect not to prepare a public benefits narrative.

Grant proposals are ranked according to the benefits that will result from project funding. DNRC is constrained by law in ranking grant proposals and may only consider the benefits identified in the law. Thus, a project that benefits health and safety issues would not receive ranking points unless it also provides the benefits prescribed in Title 85, Chapter 1, Part 602 of the Montana Code Annotated (MCA). The statute reads as follows:

MCA §85-1-602

(1) Objectives: The Department (of Natural Resources and Conservation) shall administer a renewable resource grant and loan program to enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources. Either grants or loans may be provided to fund the following:

(a) feasibility, design, research, and resource assessment studies;
(b) preparation of construction, rehabilitation, or production plans; and
(c) construction, rehabilitation, production, education or other implementation efforts.

(2) Projects that may enhance renewable resources in Montana include but are not limited to:

(a) development of natural resource-based recreation;
(b) development of off stream and tributary storage;
(c) improvement of water use efficiency, including development of new, efficient water systems, rehabilitation of older, less efficient water systems, and acquisition and installation of measuring devices required under MCA §85-2-113; and development of state-tribal, state-federal, and state-tribal-federal water projects; and
(d) advancement of farming practices that reduce agricultural chemical use.

(3) The renewable resource grant and loan program is the key implementation portion of the state water plan and must be administered to encourage grant and loan applications for projects designed to accomplish the objectives of the plan.

Public Benefits Narrative

On your own paper use the following format for the Public Benefits Narrative.

PUBLIC BENEFITS NARRATIVE
(Should not exceed one page)

APPLICANT NAME: _____

PROJECT TITLE: _____

PUBLIC BENEFITS NARRATIVE: _____

PUBLIC BENEFITS CHECKLIST

For each item below, indicate the page number of your **Public Benefits Narrative** or elsewhere in your application where the corresponding information is presented. You may also refer to independent studies conducted to assess the benefits of your project. If the information does not apply to your project, indicate N/A.

1. Project benefits

p. ____ A. benefits of project and who will benefit.

p. ____ B. describe the method used to evaluate and quantify direct results.

p. ____ C. number of Montanan's that will directly benefit from the project.

p. ____ D. river miles benefited.

p. ____ E. number of acres benefited.

p. ____ F. amount of water conserved.

2. Provide evidence that the project you propose will measurably enhance a renewable resource in Montana. Enhancement includes:

p. ____ A. conservation to ensure that resources of the state are put to optimum beneficial use.

p. ____ B. management to secure economic and social prosperity for the citizens of Montana.

p. ____ C. development to protect existing uses and to ensure adequate future supplies for domestic, industrial, agricultural, and other beneficial uses.

p. ____ D. preservation to ensure the on-going quality of Montana's renewable resources.

3. Specify the renewable resource your project will enhance. Water, land, air, wildlife, waterfowl, recreational opportunities, and solar energy are examples of natural resources that are considered renewable.

p. ____ A. type of resource enhanced.

p. ____ B. sensitivity to long-term resource management.

p. ____ C. approach to resource enhancement.

4. Proposals to implement priorities of the State Water Plan are encouraged. If applicable, describe the steps your project will take to implement a water plan priority.

p. ____ A. element of State Water Plan to be addressed.

p. ____ B. steps to implement State Water Plan.

STEP 7: CRITERIA FOR RANKING NEED AND URGENCY

(Instruction Sheet and Checklist)

Need and urgency ranking points are only awarded as a tie-breaker for top-ranked grant proposals and are based on:

(1) the immediacy of the problem compared to other proposals; and

(2) the cost of delaying a solution.

Clearly describe the need and urgency that exists. **Use the checklist below as an outline** to ensure that nothing is omitted from your discussion. Enough information is needed to determine the immediacy of the problem your project is designed to solve and the cost of delaying a solution. Indicate the page number where the specific information is located in your proposal. If you included information in your Technical, Financial, or Public Benefits Narrative concerning need and urgency, it is unnecessary to restate this information. Refer to the information in those sections of your application by citing the respective page numbers.

NEED AND URGENCY CHECKLIST

Below, for each item indicate the page number of your Need and Urgency Narrative or elsewhere in your application where the corresponding information is located. If the information does not apply to your project, indicate N/A.

p. ____ A. Project complies with court order to overcome identified health hazard.

p. ____ B. Project provides mitigation for adverse environmental conditions.

p. ____ C. Applicant has a financial need demonstrated by the rate and fees in place for related community systems or services, community mils levied, or high debt/bond capacity ratio, and the applicant is unable to secure additional funds.

p. ____ D. Failure to implement the project will result in an imminent threat to life or property.

On your own paper use the following format for the Need and Urgency Narrative.

NEED AND URGENCY NARRATIVE

(Should not exceed one page)

APPLICANT NAME: _____

PROJECT TITLE: _____

NEED AND URGENCY NARRATIVE: _____

STEP 8: ENVIRONMENTAL EVALUATION

The Montana Environmental Policy Act (MEPA) seeks to avoid or mitigate adverse impacts on the environment by mandating careful consideration of the potential impacts of any development assisted with state funds or approved by a state agency.

In order to avoid problems which would cause delays, add significantly to project costs, or even prevent a project from being carried out, all applicants are encouraged to consider the potential environmental impacts of their projects.

All applicants must submit the environmental checklist. Preparation of this document can alert applicants to considerations in the location, design, or construction of projects that will help to avoid potential adverse environmental impacts or expensive mitigation or construction costs.

DNRC will review the preparer's comments and prepare its own environmental evaluation to determine whether further information is required.

Instructions for Completing the Environmental Checklist

Five possibilities are listed on the form:

1. **N** - No Impact Anticipated or Not Applicable to This Project;
2. **B** - Potentially Beneficial Effect;
3. **A** - Potentially Adverse Impact;
4. **P** - Agency Approval or Permits Required; and
5. **M** - Mitigation Actions Required.

A space is provided next to each of the subject areas. Fill in each of the blanks using one of the letters in the key at the top of each page. In some cases, it may be appropriate to indicate more than one possibility. If impacts on a subject area are anticipated or mitigation action is required, the applicant must describe the situation in the "comments" section of this form.

Applicants must identify the sources consulted to assess the potential impact of the project for each subject area. Sources may include studies, plans, documents or the persons, organizations, or agencies contacted for assistance.

Where a potentially adverse impact is projected, the applicant must provide the following:

1. A description and analysis of any reasonable alternatives that would avoid the impact and a justification for the selected alternative;

2. An evaluation of appropriate short and long-term measures to mitigate the potentially adverse impact and a discussion of the effects of those measures on the proposed project.

In most cases, applicants may simply provide a brief response to each category in the Environmental Checklist. Environmental information and assistance in preparing the environmental checklist is available from a variety of sources. Contact the Montana Environmental Quality Council (406 - 444 - 3742) or DNRC for more information.

ENVIRONMENTAL CHECKLIST for the Renewable Resource Grant & Loan Program

APPLICANT NAME _____

PROJECT TITLE _____

CERTIFICATION

The following is an accurate analysis of the potential environmental impact from the proposed public facility project. To the best of my knowledge and belief, the proposed project [ ] **will,** [ ] **will not** have a significant impact on the quality of the human environment.

Name: _____
Authorized Representative

Title: _____

Signature: _____

Date: _____

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial;
A - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

PHYSICAL ENVIRONMENT	
Key ___	**1. Soil Suitability, Topographic and/or Geologic Constraints (for example, soil slump, steep slopes, subsidence, seismic activity)** *Comment and Source of Information:*
Key ___	**2. Hazardous Facilities (for example, power lines; hazardous waste sites; explosive and flammable hazards including chemical/petrochemical storage tanks, underground fuel storage tanks, and related facilities.)** *Comment and Source of Information:*

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial;
A - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

Key	
___	**3. Effects of Project on Surrounding Air Quality or Any Effects of Existing Air Quality on Project (for example, dust, odors, emissions)** *Comment and Source of Information:*
Key ___	**4. Groundwater Resources & Aquifers (for example, quantity, quality, distribution, depth to groundwater, sole source aquifers)** *Comment and Source of Information:*
Key ___	**5. Surface Water/Water Quality, Quantity & Distribution (for example, streams, lakes, storm runoff, irrigation systems, canals)** *Comment and Source of Information:*
Key ___	**6. Floodplains & Floodplain Management** *Comment and Source of Information:*
Key ___	**7. Wetlands Protection** *Comment and Source of Information:*
Key ___	**8. Agricultural Lands, Production, & Farmland Protection (for example, grazing, forestry, cropland, prime or unique agricultural lands)** *Comment and Source of Information:*
Key ___	**9. Vegetation & Wildlife Species & Habitats, Including Fish (for example, terrestrial, avian and aquatic life and habitats)** *Comment and Source of Information:*

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial;
A - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

Key ___	**10. Unique, Endangered, Fragile, or Limited Environmental Resources, Including Endangered Species (for example, plants, fish or wildlife)** *Comment and Source of Information:*
Key ___	**11. Unique Natural Features (for example, geologic features)** *Comment and Source of Information:*
Key ___	**12. Access to, and Quality of, Recreational & Wilderness Activities, Public Lands and Waterways, and Public Open Space** *Comment and Source of Information:*
	HUMAN ENVIRONMENT
Key ___	**1. Visual Quality - Coherence, Diversity, Compatibility of Use and Scale, Aesthetics** *Comment and Source of Information:*
Key ___	**2. Nuisances (for example, glare, fumes)** *Comment and Source of Information:*
Key ___	**3. Noise -- Suitable Separation Between Housing & Other Noise Sensitive Activities and Major Noise Sources (for example, aircraft, highways & railroads.)** *Comment and Source of Information:*
Key ___	**4. Historic Properties, Cultural, and Archaeological Resources** *Comment and Source of Information:*

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial;
A - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

Key	
Key —	**5. Changes in Population Characteristics (for example, quantity, distribution, density)** *Comment and Source of Information:*
Key —	**6. General Housing Conditions - Quality, Quantity, Affordability** *Comment and Source of Information:*
Key —	**7. Displacement or Relocation of Businesses or Residents** *Comment and Source of Information:*
Key —	**8. Public Health and Safety** *Comment and Source of Information:*
Key —	**9. Local Employment & Income Patterns - Quantity and Distribution, Economic Impacts** *Comment and Source of Information:*
Key —	**10. Local & State Tax Base & Revenues** *Comment and Source of Information:*
Key —	**11. Educational Facilities - Schools, Colleges, Universities** *Comment and Source of Information:*
Key —	**12. Commercial and Industrial Facilities - Production & Activity, Growth or Decline** *Comment and Source of Information:*

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial;
A - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

Key —	**13. Health Care - Medical Services** *Comment and Source of Information:*
Key —	**14. Social Services - Governmental Services (for example, demand on)** *Comment and Source of Information:*
Key —	**15. Social Structures & Mores (Standards of Social Conduct/Social Conventions)** *Comment and Source of Information:*
Key —	**16. Land Use Compatibility (for example, growth, land use change, development)** *Comment and Source of Information:*
Key —	**17. Energy Resources - Consumption and Conservation** *Comment and Source of Information:*
Key —	**18. Solid Waste Management** *Comment and Source of Information:*
Key —	**19. Waste Water Treatment - Sewage System** *Comment and Source of Information:*
Key —	**20. Storm Water - Surface Drainage** *Comment and Source of Information:*

Key Letters: **N** - No Impact/Not Applicable; **B** - Potentially Beneficial;
A - Potentially Adverse; **P** - Approval/Permits Required; **M** - Mitigation Required

Key ___	**21. Community Water Supply** *Comment and Source of Information:*
Key ___	**22. Public Safety - Police** *Comment and Source of Information:*
Key ___	**23. Fire Protection - Hazards** *Comment and Source of Information:*
Key ___	**24. Emergency Medical Services** *Comment and Source of Information:*
Key ___	**25. Parks, Playgrounds, & Open Space** *Comment and Source of Information:*
Key ___	**26. Cultural Facilities, Cultural Uniqueness & Diversity** *Comment and Source of Information:*
Key ____	**27. Transportation Networks and Traffic Flow Conflicts** (for example, rail; auto, including local traffic; airport runway clear zones - avoidance of incompatible land use in airport runway clear zones) *Comment and Source of Information:*
Key ___	**28. Consistency with Local Ordinances, Resolutions, or Plans** (for example, conformance with local comprehensive plans, zoning, or capital improvement plans) *Comment and Source of Information:*
Key ___	**29. Is There a Regulatory Action on Private Property Rights as a Result of this Project?** (including whether options that reduce, minimize, or eliminate the regulation of private property rights have been analyzed.) *Comment and Source of Information:*

ADDITIONAL HELP SHEETS

BUDGET TIPS

The budget you prepare for a Renewable Resource Grant and Loan program application should include all of the costs specifically related to the implementation of the project you propose. For multi-phased projects, include only the costs specifically related to the phase of the project the proposed grant will fund. These are only the costs you will incur if the project is accomplished. **Include only those costs in the budget that you will incur if the project is implemented.**

BUDGET PREPARATION:

Project Costs vs. Program Costs

To determine whether a cost is project specific or a general program cost, the project sponsor must determine how the costs will be accounted. For example, let's assume an agreement will exist between the applicant and another contributor to obtain special technical assistance, and that agreement will obligate the contributor to provide staff or other support to the project. If the costs of these services are budgeted in the project proposal and will be accounted for along with other related project costs, then these costs may be considered a project specific cost. These costs must be documented as they are incurred. The project sponsor must show the contributor's fulfillment of the financial obligation.

Project Specific Costs - are the only costs that DNRC will reimburse with grant and/or loan funds.

Program Costs - are those costs contained in your annual budget or in the annual budget of another project contributor. These expenditures support other projects and an overall program or mission. Program costs cannot be broken-out separately and applied to a single project. These costs are part of an on-going budget and will be incurred by you or another project contributor whether or not the project is implemented. If, for example, the contributor provides services for the applicant or other clients that are carried out irrespective of the project proposal, then salaries associated with these tasks are program costs, not project specific costs. Do not include these program costs in the budget.

Office rent is an example of a program cost. For example, if a project sponsor currently rents office space and will allocate a portion of the office space to the proposed project, then the allocated portion of rent expense is a contribution of existing program costs. The cost is incurred whether or not the project is implemented. Regular staff salaries could be another example of a program cost. Salaries of existing, fully funded staff positions are not considered in-kind contributions unless these costs are accounted for separately. You must also demonstrate that the hours committed to the project exceed the hours funded by the overall program budget. A university professor fully funded for the school year may not charge salaries for participating in a research project if the university's program covers his time regardless of his participation in the project. These salary costs are program costs and are incurred whether or not the proposed project is implemented.

You may not use grant funds to supplant regular program costs such as rent, utilities, or salaries. In particular, a state agency or unit of the university system must not use grant funds for costs already legislatively authorized in an appropriations. For more information on this issue contact DNRC.

You may identify program costs in the application financial narrative. Program costs used to support the project are considered evidence of public support for the project. Provide documentation necessary to support such claims (such as a letter describing the available support).

SOURCES OF PROJECT FUNDING

Project specific costs are paid with grant/loan dollars, match dollars, or with project specific, non-dollar in-kind contributions. These funding sources are defined below.

Grant/loan dollars are those contributed by DNRC through the Renewable Resource Grant and Loan program or by another funding agency through a grant or loan.

Match dollars include project specific funds from the applicant or another contributor. These funds are accounted for in a separate category of an annual program budget for the project. Except for the applicant's own contribution of match dollars, the applicant may not handle match dollars provided by another contributor. The applicant should account for match dollars allocated to the project in a separate budget cost center. You must maintain careful documentation of the expenditure of these funds.

You may not include any costs as project match dollars that are not specifically recorded and documented by the contributor.

The contribution of program services is not considered a source of match dollars. For example, the contribution of office space may not be used as a match dollar contribution. Program costs are not considered project match dollars.

In-kind contributions include those project specific non-dollar contributions that have a quantifiable value. Volunteer labor, equipment loan, donated materials, and free services are examples of legitimate in-kind contributions. Two conditions must be met for in-kind contributions to substitute for match dollars:

1. the services provided must be integral to project implementation;

2. if these services become unavailable at a later date, dollar costs will be incurred to replace them.

Include in-kind costs in the project budget. Determine values using wage rate schedules, typical cost estimates, or another objective method value determination. For example, you may include volunteer tree planter labor as an in-kind contribution because the value of the labor may be readily determined by contacting local providers. Do not include the value of additional employee benefits including insurance, sick leave, and vacation.

Do not include contributions that are typically provided to public projects free of charge. For example, the value of public services announcements on radio or television stations or newspaper press releases are not legitimate advertising costs.

COST DOCUMENTATION:

A budget detailing project specific costs may not include undocumented costs. Grant funds will not be reimbursed to cover undocumented costs or credited as dollar match or in-kind contributions. If the amount of match you secure for your project is less than the amount pledged in your proposal, DNRC will proportionately reduce the amount of your grant.

BUDGET COST CATEGORIES AND EXPENDITURE GUIDE

This sheet lists some of the expenses incurred by grant and loan projects. You may want to use it as a guide for developing the budget for your proposal.

CONTRACTED SERVICES

Appraiser Fees
Consultant & Professional Services
Insurance & Bonds (notary bond & fee)
Janitorial Services (snow removal)
Legal Fees & Court Costs
Photographic Services
Microfilm Services
Work Study Contracts
Secretarial Services
Data Entry & Word Processing Services
Record Storage Services
Photocopy Services
Printing/Publication & Graphics Services
Graphic Arts Services
Engraving Services

COMMUNICATIONS

Postage & Mailing
FAX
Messenger Services
Advertising
Advertising/Radio & T.V.
Advertising Newspapers
Telephone Add/Move/Change
Telephone Equipment Maintenance
Long Distance Voice Circuits
Voice Circuit Add/Move/Change
Data Circuits Add/Move/Change
Long Distance Charges
Credit Card Calls
Local Calls

TRAVEL

In-state Personal Car Mileage
Commercial Transportation
In-state Aircraft Rental
In-state Other/parking
In-state Meals
In-state Lodging
In-state Car Rental
Out-of-state Personal Car Mileage
Out-of-state Commercial Transportation
Out-of-state Aircraft Rental
Out-of-state Motor Pool
Out-of-state Meals
Out-of-state Lodging
Out-of-state Car Rental

RENT

Office Equipment
Other Equipment
Educational/Recreational
Small Equipment
Storage
Heavy Equipment
Films
Meeting Rooms
Photocopy Equipment
Building
Single User Computers

UTILITIES

Electricity
Natural Gas
Water & Sewage
Garbage/Trash Removal
Propane

GRANT APPLICATION RANKING CRITERIA

DNRC and a technical review team evaluate the merit of each application according to the following six categories.

1. FINANCIAL FEASIBILITY (-200 points)

Financial feasibility is determined by DNRC's technical review team, a group of experienced individuals who evaluate the merits of similar proposals based on standard principles of finance. The reviewers decide whether funds exist to construct, operate, continue, maintain, or complete a project. They also determine whether other funding sources to complete the proposal are secured, whether documentation of these funds is provided, whether any necessary security required to support a loan requested in conjunction with the grant exists and is sufficient, and whether matching funds are in-kind contributions or another form of soft match.

If this review uncovers any deficiencies in a proposal's financial feasibility, points are deducted. An acceptable application loses no points, a marginal application loses 100 points, and a doubtful application loses the maximum of 200 points.

2. ADVERSE ENVIRONMENTAL IMPACT (-300 points)

An environmental checklist is completed with the assistance and guidance of DNRC's environmental impact team. Each checklist item identifies adverse impacts in areas such as air quality, water quality, vegetation/wildlife, land use, and visual/aesthetics. If any adverse effects would result from a project, preparation of an environmental assessment and, possibly, an environmental impact statement is required to fulfill requirements of the Montana Environmental Policy Act. The cost of these documents serves as a factor in reconsidering the initial cost and benefit assessment.

Adverse environmental impacts are estimated and could result in a proposal's loss of a maximum of 300 points.

3. TECHNICAL MERIT (400 points)

Standard engineering principles are used to evaluate a proposal's technical merit. Coordinating agencies must indicate that a project meets the standards necessary to comply with state law. Applicants also must either hold or show the ability to acquire all of the land or water right interests necessary to implement the proposal. Proposals that use commonly accepted technology and are not experimental efforts are more competitive than those that propose to use a more experimental type of technology to solve a common problem. Proposal budgets and time lines must be reasonable and well-documented. Up to 400 points are awarded to an application under the technical merit category.

4. PUBLIC BENEFIT (400 points)

Public benefit criteria are based on Montana statutes. Up to 400 points may be awarded, depending on the degree to which these tests apply:

A. State Water Plan (150 points)
For example, does the project:

- implement a priority of the State Water Plan?
- support identified water storage priorities?

B. Reserved Water Rights (50 points)
Does the project:

- initiate the use of water reserved under Montana law?
- help resolve Indian/federal reserved water rights?

C. Resource conservation, management, or protection (100 points)
Will the project:

- significantly contribute toward resource conservation when it's implemented?
- invest in replacing the use of nonrenewable resources with the use of renewable resources to provide benefits, economic or otherwise, for the state's citizens and to preserve Montana's natural heritage.
- preserve resources such as land, air, water, wildlife, or recreation while developing economic resources?
- develop a renewable natural resource to provide future economic benefits to Montana?

D. Citizen benefits or support (100 points)
Will the project be:

- a multi-use project?
- used by the public?
- strongly supported by documented citizen support?
- co-funded with non-state funding that exceeds the funding requested?
- a source of new, permanent jobs?

or, does the project provide benefits that:

- are measurable?
- will be ongoing?
- will affect a large number of people in Montana?
- are significant when compared to benefits that other proposed projects would provide?

5. NEED (100 points)

Points for public need are awarded to proposals only if the subtotal of the previous categories is more than average in comparison to the other applications. Points are awarded to proposals that: have not previously received funding from DNRC, document the unavailability of any other available public funding, show the need to comply with court orders to overcome identified health hazards, or mitigate existing, adverse environmental conditions. Up to 100 points may be awarded to a proposal under the public need category.

6. URGENCY (100 points)

Urgency points are only awarded to applicants that qualify for consideration under public need. Up to 100 points may be awarded to proposals that document severe financial need demonstrated by the rates and fees in place for related community systems or services, a high debt-to-bond capacity ratio or other fiscal problems, or a threat to life or property that would be imminent without the project.

DNRC's ranking system is used to determine the merit of each proposal submitted for grant funding. Proposals are recommended for grant funding in the order they are ranked, and the actual funding decisions are made by the Montana Legislature.

400 copies of this public document were published at an estimated cost of $3.60 per copy for a total cost of $1,679.00. This amount includes $1,439.00 for printing and $240.00 for distribution.

1996

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